Vermont Department of Labor Unemployment Insurance and Wages Division PO Box 488, Montpelier, VT 05602-0488 www.labor.vermont.gov

Important Employer Wage and Contribution reporting information is contained in this mailing.

Reporting personnel should carefully review all information enclosed.

Name

Address

Address January 18, 2007

Address Address

C-101 LINE-BY-LINE INSTRUCTIONS...

Enclosed you will find **REVISED** instructions for completions of the Quarterly Employer Wage & Contribution C-101 Report. You **MUST** retain the enclosed copy for future reference, as we will no longer be mailing them every quarter. Copies may be obtained on our website, under "Forms and Publications", in "Unemployment Tax & Benefit Information" section. **Please Note:** Internet application will be available for filing the first quarter of 2007 reports, which will be due on **April 30, 2007**.

EMPLOYER HEALTH CARE CONTRIBUTION REPORTING...

Effective with the filing of the second quarter of 2007, which report will be due July 31, 2007, the Vermont Department of Labor (VDOL) will begin collecting Employer Health Care Contributions as required in Act 191 of the 2006 Legislative session.

Enclosed in this mailing is a sample copy of the new Quarterly Wage & Contribution Report (C-101 form) that will go into effect with the filing of the second quarter of 2007. On the backside of the sample C-101 form is the Health Care Assessment Worksheet (HC-1), which will be mailed with the C-101 form starting with the second quarter of 2007. Many employers have found this worksheet beneficial in understanding and estimating health care reporting. It will be your responsibility to retain the worksheet or maintain information that will allow creation of the data required on the worksheet.

Frequently Asked Questions, Reporting Calculating Examples, Administrative Rules and other information on Employer Health Care Contributions can be found on our website at www.labor.vermont.gov, with a direct link located in the upper right hand corner under "NEWS" or by calling Employer Services at 802-828-4344.

VDOL will also be hosting Employer Health Care Contribution reporting training seminars at the following Vermont locations:

Rutland 01/30/07 (9 – 11:00 am) ASA Bloomer Building, 88 Merchants Row, 2nd Floor, Room 266

St. Johnsbury 02/01/07 (9 – 11:00 am) Northeastern VT Reg. Hospital, 1315 Hospital Drive, 2nd Floor Conference Rm

Springfield 02/06/07 (9 – 11:00 am) State Office Bld, 100 Mineral Street, Main Floor Conference Rm

VIT sites in: 02/08/07 (7 – 8:45 am) Montpelier, Bennington, Brattleboro, Newport, St. Albans.

(Physical address for VIT sites can be obtained at www.vitlink.org or by calling 802-728-1455.)

Information continued on the back.

EXCERPTS OF SOME OF THE FAQ...

Who has to report Health Care (HC) Contributions? If you have 8 or less employees, no calculations will be required through June 30, 2008. This will drop to 6 employees on July 1, 2008 and to 4 employees on July 1, 2009. If you have more than 8 employees, you must calculate and report the number of "uncovered" Full Time Equivalents (FTEs).

Which employees are potentially reportable for HC Contribution purposes? HC Contributions are potentially reportable for the same employees whom you report for UI purposes, provided they are 18 or older for the entire quarter. The amount of HC Contributions due will be based on uncovered FTEs.

What about temporary, per diem, part time or seasonal employees? If they are reportable on the UI Quarterly C-101 report, they are also potentially reportable for HC contribution purposes. The Legislature has called for a study of the application to seasonal employees, but unless that study results in legislative changes, those employees will remain reportable.

What is an "uncovered" employee? By rule and statutory requirement, an "uncovered" employee is:

- a) An employee of an employer who does not offer to pay any part of the cost of health care coverage for its employees.
- b) An employee who is not eligible for health care coverage offered by an employer to any other employees as defined by the health care plan offered by the employer; or
- c) An employee who is offered and is eligible for coverage by the employer but elects not to accept the coverage and has no other health care coverage under either a private or public plan.
 - i. An employee who has health care coverage during any portion of a calendar quarter shall not be considered an uncovered employee for purposes of that quarter's premium contribution
 - ii. An employee who has enrolled in a health care coverage plan, but is not actually covered under such plan until a subsequent effective date of coverage, shall not be considered an uncovered employee, provided such intervening period is no longer than six months.

What constitutes health care coverage and how will I know if an employee is covered? For purposes of HC Contribution reporting, coverage includes a plan that has both hospital and physician services. Employers who offer to pay a portion of a health care plan must annually obtain a declaration of coverage from covered employees who are not enrolled in the plan you provide. Such declarations must be retained for four years.

What does a Declaration of Coverage have to include and where can I get one? The declaration must state whether the employee has health care coverage and be signed by the employee. Declarations must be renewed annually and retained in your files for four years. A sample declaration form is available on our website or by calling 802-828-4344.

What is an FTE? FTE stands for Full Time Equivalent. To calculate your number of FTEs, add together all uncovered employee hours worked during a quarter and divide by 520. Hours over 520, per employee during the reporting quarter, do not have to be counted.

What if an uncovered employee works a 42-hour workweek? Each employee's hours should be totaled at the end of the quarter, with no employees' individual total exceeding 520 hours during the reporting quarter.

How do I calculate uncovered salaried employees? If the salary is based on working 40 or more hours during a 7-day period, report 520 hours per quarter. If there is no set number of hours, use the number of hours actually worked or a reasonable estimate thereof, again not to exceed 520 per employee during the reporting quarter.

What about uncovered employees paid commissions only or paid a flat amount for completion of a specific job? High school coaches, substitute teachers, and commission paid employees would likely fit into this category. If the job is full time and the employee worked all weeks in the quarter, report 520 hours. Otherwise it will be necessary for you to use a reasonable estimate of the hours worked, again not to exceed 520 per employee during the reporting.

How do I calculate the HC Contribution I owe? A worksheet with instructions will be provided with your quarterly report. You will be required to have this worksheet or equivalent information available upon request. Your contribution will equal \$91.25 per quarter for each uncovered FTE in excess of 8. (The exemption number will drop to 6 in the third quarter of 2008 and 4 in the third quarter of 2009.) A worksheet calculator will also be available on our website in the near future.

Do I report hours worked if they have not yet been paid? Act 191 of 2006 indicated in part to use the same reporting methods already in place wherever possible. Therefore, the hours worked for HC Contribution calculations are associated and representative of the gross wages paid during the reporting quarter.

Is record keeping, for HC purposes, required if the employer employs equal to or less than the exempt number of FTEs? No. Calculation and record retention is only needed when the employer employs more than the exempt FTEs. Currently the exemption is 8. (The exemption number will drop to 6 in the third quarter of 2008 and 4 in the third quarter of 2009.)

If I, as an employer, pay HC contributions, does that mean that the Catamount Health Care Plan will cover my employees? Not necessarily. Your HC contributions will be used to subsidize the Catamount plan, but there will be eligibility requirements for individuals seeking coverage. Those requirements will be set by other agencies. The Department of Labor's only role in this matter is the collection of employer contributions.

If you have further questions about this reporting, please refer to our website, attend one of the training seminars, contact your local auditor, or call our Employer Services Unit at 802-828-4344. General information can also be obtained by calling the Claims Center's Employer Assistance line at 1-877-214-3331.